

1925

Book reviews

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Recommended Citation

Haskins & Sells Bulletin, Vol. 08, no. 01 (1925 January), p. 6-7

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forty accountants, sixty assistant accountants, and forty clerks."

The analysis of financial statements as a basis for loans apparently has not advanced as far in Europe as in America. The German bankers seem to attach excessive importance to the balance sheet, almost to the point of eclipsing a study of the profit and loss statement. There has been a widespread ultra-conservatism in German industrial accounting recently, however, and the bankers appear to place a strong reliance on this conservatism in granting credit. The situation differs greatly from our experience here, where the accountant finds extremes of over-optimism as well as of ultra-conservatism, and has to sharpen his analytical wits accordingly. The future in Germany, on the other hand, is likely to see a swing in the opposite direction—that of attempting to make things look "rosy."

Mr. Kracke writes that the German financial people are interested in hearing of American practice, and of learning our methods. With greater participation in international trade and finance on the part of the United States, it is not unreasonable to believe that accountancy as we know it will soon become more familiar to foreign peoples.

Haskins & Sells and Deloitte, Plender, Griffiths & Co. announce as of January 2, 1925, the formation of co-partnerships in Canada, Cuba, and Mexico for the practice of public accountancy, under the firm name of Deloitte, Plender, Haskins & Sells. Principal offices will be located in Montreal, Havana, and Mexico City. The practices of both firms in Canada, Cuba, and Mexico have been consolidated, and will hereafter be conducted by Deloitte, Plender, Haskins & Sells. The new firms will be affiliated with Haskins & Sells and with Deloitte, Plender, Griffiths & Co. in the United States of America, Great Britain, Continental Europe, South America, South Africa, and China.

Book Reviews

Gordon, William D., and Lockwood, Jeremiah. *Modern Accounting Systems*. (New York, John Wiley & Sons, Inc., 1924. 464 p.)

To write a one-volume treatise on accounting systems, which is sufficiently comprehensive to afford a clear understanding of the accounting for a number of different businesses, is not an easy task. The authors of "Modern Accounting Systems" have performed it exceedingly well. Nothing, for example, could be more difficult than to describe briefly, and at the same time clearly, the involved accounts and records of a stock broker. Yet the treatment of the subject leaves little wanting towards an adequate conception of the principal features of brokerage accounting.

The purpose of the book as stated in the introduction is "to study the application of accounting principles in detail to various types of industry." The problems involved are presented in the order of their increasing complexity. Financial institutions, because of their dependence largely on the use of a cash book, seem to the authors to present the simplest form of accounting from the standpoint of books required, and are therefore examined first.

Four classes of financial institutions are studied: building and loan associations, insurance companies, both life and fire, banks, and stock brokerage establishments. The latter, involving transactions in securities as well as in cash, represent a transition from the financial to the merchandising group, which is considered next, in an exposition of the accounting for department stores. A gas manufacturing company has been selected as illustrative of the manufacturing industries, and is next studied. The wisdom of this may be slightly questioned, in view of the quasi-public nature of gas companies. As representative of public service corporations, the accounting for a railroad is described.

Municipalities are made the basis of study as exemplifying non-profit seeking institutions.

The text is written on the well-founded premise that an adequate conception of the nature of any industry is necessary to a thorough understanding of its accounting. Consequently a full description of the nature and operations of each type of concern is given prior to the matter relating to its accounts and records. The latter is then developed naturally, as various transactions are followed through the books. Numerous forms are reproduced. Figures and journal entries are used where necessary for the sake of greater clarity. One or more problems with solution accompany the description of each system.

While many fine points have been of necessity omitted, no important feature in the accounting for the organizations studied has been left out. The aim has been "to show the man with a general knowledge of the principles of accounting how to apply these principles to the problems of typical organizations." A signal contribution has been made to the literature on the subject.

The book is one of The Wiley Accounting Series, edited by Hiram T. Scovill. It is inscribed to Edward P. Moxey, Jr.

Affelder, William M. *Contractors' Accounting Practice*. (New York, The Ronald Press Company, 1924. 386 p.)

The author of this book has had over twenty years' experience in the construction industry and the book reflects the result of his experience, as it is comprehensive and covers not only the accounting and cost phases but the industry itself and the conditions and problems found therein.

The book is in four parts. Part one, comprising seven chapters, deals with the construction industry and its problems; the relations between the contractor and the owner, the sub-contractor, and the

material dealer; the field forces and equipment; and insurance, surety bonds, etc. Part two, of thirteen chapters, covers very completely the general accounting necessary for a contractor's office, such as procedure, system, records, and financial statements; also, methods of auditing the accounts of contractors and owners. Part three, of three chapters, is devoted to cost accounting in a contractor's office and describes the system, manner of analyzing costs, and the form of cost reports. Part four, of two chapters, prescribes systems of accounts for owners and architects.

A number of accounting and cost forms included in the book help to a better understanding of the text explanations. Sample forms of contracts, agreements and surety bonds, and a complete list of items comprising contractors' equipment, showing economical length of life, annual depreciation rates, etc., present information which is of value.

The text contained in the chapters on general accounting for a contractor's office, covering 182 pages, is so carefully written and so completely descriptive as to preclude the possibility of even a student accountant failing to understand it. In addition to sample sheets from general records, there are shown the various groups of general ledger accounts, pro forma journal entries, general ledger pro forma accounts, forms of financial statements, methods of distributing overhead expenses and charges for depreciation of contractor's equipment, etc.

The book is a worthy and necessary addition to accountancy literature and will be appreciated by those having occasion for its use.

Mr. George P. Auld, formerly on the staffs of our London and Paris offices, accompanied Mr. Owen D. Young on the latter's recent return to the United States after his retirement as Agent General of Reparations under the Dawes Report. Mr. Auld became associated with Mr.